

**United Nations Global Compact**  
Communication on Progress  
Transparency and Disclosure Team  
Two United Nations Plaza  
New York, NY 10017  
USA

Marin, July 19, 2021

**Metalor's Annual Communication on Progress,**

Dear Stakeholders,

As one of the world's leading independent global companies (part of the Tanaka Group) working in the field of precious metals and covering all steps in the precious-metals value chain from refining to value-added products, we are committed to delivering high quality services while acting as a responsible and ethical participant in the global community.

This year the company has taken a significant step in terms of communication and transparency publishing for the first time a comprehensive Corporate Social Responsibility report. The company has decided to measure itself against the below 17 Sustainable Development Goals (SDGs) developed by the United Nations (UN) to set its priorities and aspirations for 2030.



Having the above in mind, Metalor has continue to live the Ten Principles of the United Nations Global Compact in the areas of Humans Rights, Labour, Environment and Anti-Corruption. In this respect, I am pleased to share with you the concrete measures that Metalor has successfully implemented in the past 12 months.

## **1) Human Rights**

Human Rights underpin our initiatives and standards, dictate our working relations and partnerships, and govern our codes of conduct. In keeping with our values as a group, we have defined rules which apply to all Metalor companies. These, of course, incorporate third-party requirements at local and international level. We also conduct regular site inspections.

The protection of human rights in the precious metals industry demands increased effort and heightened vigilance. Codes of conduct, risk assessment, employee training, performance evaluation, and public disclosure: we already implement all United Nations recommendations. Also, anyone who witnesses a breach of human rights can inform us through our grievance procedure. A code of conduct is informing employees of group rules and procedures with respect to equal opportunity, human rights, workplace health and safety, conflict of interest and confidentiality.

Respect of human rights is a pre-condition to become a supplier of Metalor and is included in Metalor Supply Chain policy. The due diligence process does include a site visit to customers/suppliers to verify that the conditions on site do respect human rights, including but not limited to social rights (no child labour, fair pay, minimum of rest, limit to overtime work, etc.). In terms of mapping its risk assessment of the human rights situation and in particular the risk of getting material from conflict zones, Metalor has a long standing policy of not sourcing from any central Africa country in line with the Dodd Frank Act provisions.

During 2020 the company has continued to abide by its policy regarding the collaboration with artisanal mines (ASM), an area where human rights may be more vulnerable due to the conditions on the ground of this type of economic activity. In this sense, Metalor has reinforced its alliance with the Swiss association Swiss Better Gold Initiative and made a full review of the operations of the Peruvian mine Yanaquihua, including the respect of human rights all along the supply chain. We are happy to report that more than 20 artisanal mining sites working with Yanaquihua have already managed to get formalized moving to the next level in terms of responsible mining practices. At the same time, and despite the very negative impact of the COVID pandemic, Metalor has started to look to other potential collaboration with other ASM in Peru, having one project already in the pipeline.

## **2) Labour**

Metalor has a presence in 17 countries with approximately 1500 employees around the globe. In all Metalor locations labour practices and procedures are fully respected in line -as a minimum- with the applicable labour and employment regulations. The

implementation of the Metalor Code of Conduct across the different subsidiaries has been smoothly and without any particular issue.

As mentioned in the section Certifications herein below, the RJC audit has covered as well the labour conditions of subcontractors working in Metalor facilities, hence being sure that they enjoy as well fair conditions. As stated in that section, Metalor has been audited again by RJC in 2021 and its certification -covering this very point- has been renewed.

The whistleblowing program that the company has in place world wide continues to work as designed. In this respect, two cases (one in China and another one Mexico) made its way through the process with a positive resolution.

### **3) Environment & Safety**

Metalor facilities do comply with applicable environmental regulations in line with the country standards where they operate. Focusing on responsible operations, we take steps to reduce pollution arising from our products and services, in both mining activities and the refining process.

Metalor's environmental management team requires that the environmental hazards of the group's activities be clearly identified using Process Failure Mode & Effects Analysis (PFMEA) risk analysis, and that measures are implemented to prevent environmentally harmful incidents from occurring. Metalor is committed to minimizing the amount of energy, water, and other natural resources used in its processes, as well as the amount of waste these processes generate. In 2021, Metalor has taken its commitment to the next level

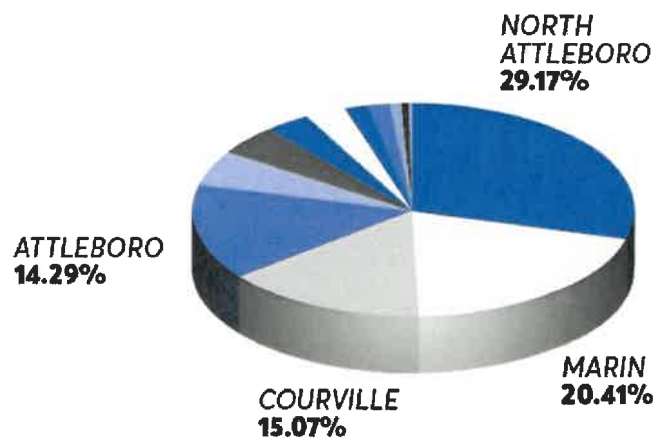
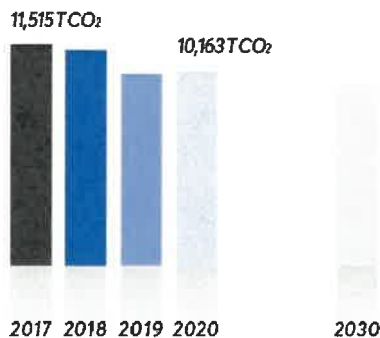
- 2017-2018: *Compliance with local regulations.*
- 2019-2020: *Energy assessment and action plan for our 2 major sites.*
- 2021-2030: *Group Corporate Social Responsibility approach. Actions plan based on energy assessment for our 14 industrial sites*

In 2020, we invested close to 3 million USD to optimize machinery, energy management and production, photovoltaics, and other infrastructures with the single aim to live up to the group's ambitions and generate positive repercussions for the environment. In addition to investments already made, numerous other projects are in preparation or are ready to roll out. Last but not least, each year we carry out a review of legislation and standards to ensure that our environmental requirements remain at the highest level.

The main achievements have been as follows:

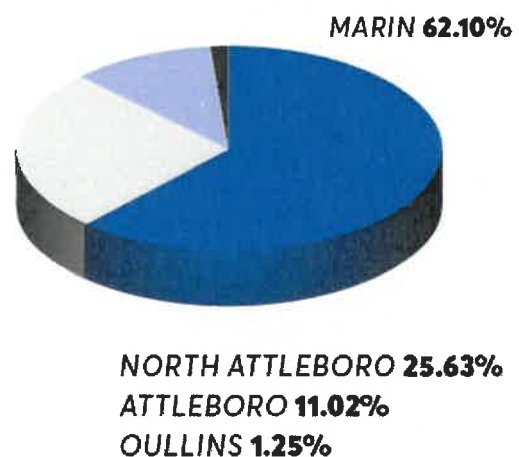
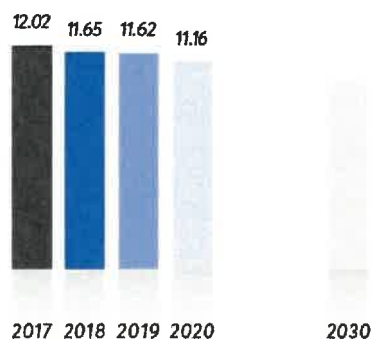
## OPERATIONAL CARBON FOOTPRINT\*

**in 2020: 10,163 tons of CO<sub>2</sub>**



## NO<sub>x</sub> EMISSION in tons p.y.

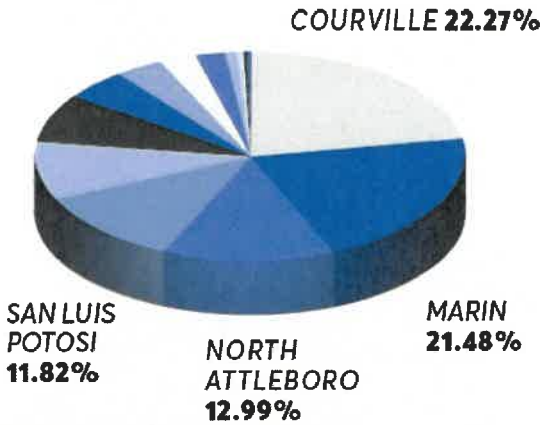
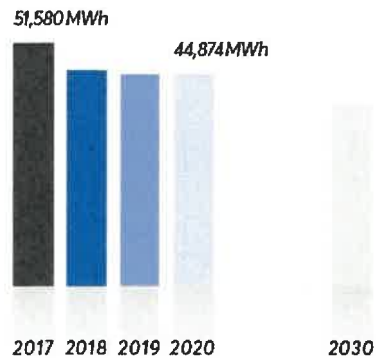
**in 2020: 11.16 tons**



Regarding green energy, Metalor has implemented a solar project in its Mexican plant at San Luis Potosi, generating 15% of its electricity consumption through a high end photovoltaic installation and it is committed to continue to expand the investment into this type of environmentally friendly energy source. As far as electricity & water consumption for the group, the achievement has been as follows:

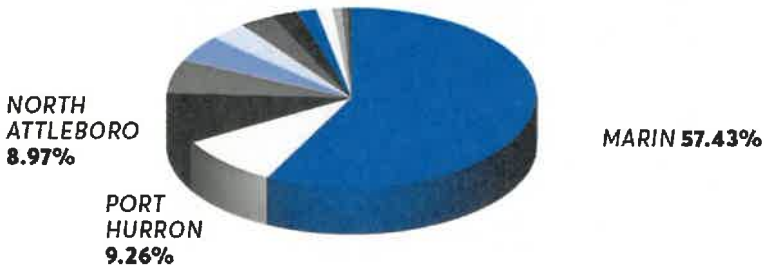
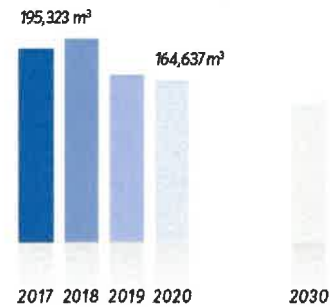
ELECTRICITY  
CONSUMPTION

IN 2020: 44,874 MWh



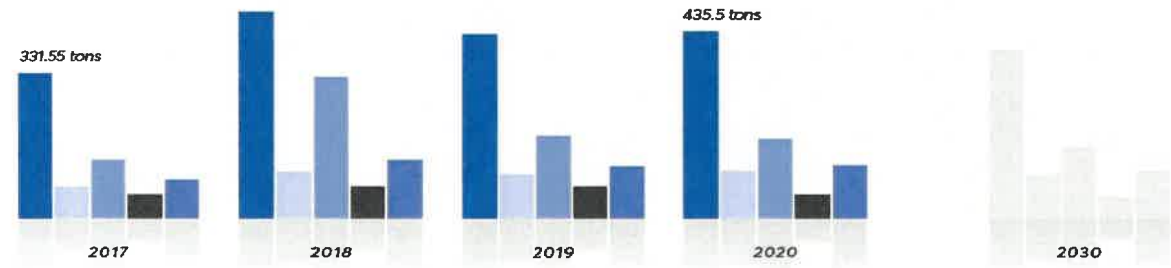
WATER CONSUMPTION

IN 2020: 164,637 m³



In terms of waste elimination, the same global approach has been implemented with the following results:

WASTE DISPOSAL



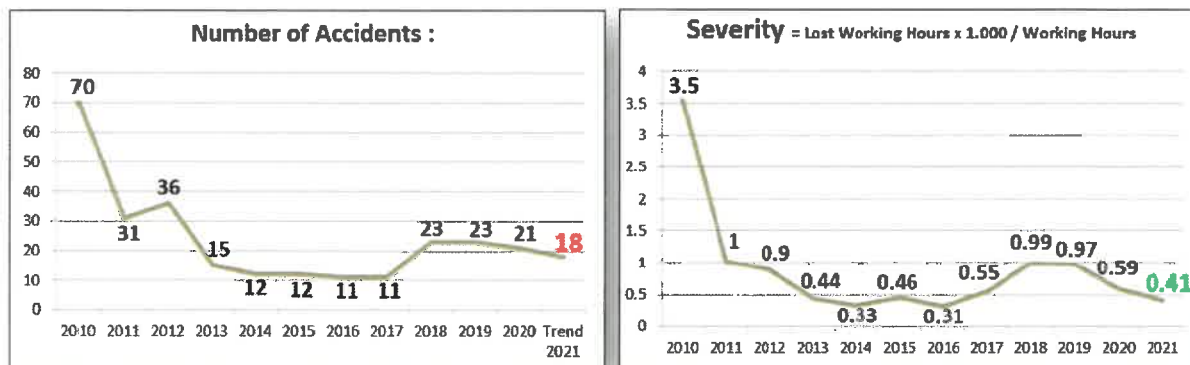
IN 2020: 435.50 tons

WASTE DISPOSAL IN TONS		2020
SOLID URBAN WASTE		208.76
CARDBOARD AND PAPER		53.28
WOOD		88.59
PLASTIC		26.21
METAL		58.66





In terms of safety, the strong Health and Safety (H&S) culture has continued to be developed through targeted internal actions. Special initiatives have been implemented across the facilities of the company, particularly in terms of safety training and observations programs. The focus has been not only on accidents but also on incidents and near missed situations to increase preventive awareness. Yet Zero Accident remains a priority objective for Metalor. The following graphs do reflect the evolution of the number of accidents and the severity rate. As a summary, “Frequency” and the “Severity” rate have been further reduced in comparison with the previous year:



- 2021 trend = 18 (21 in 2020 and 23 in 2018 and 2019)
- Frequency rate is improved by 15%
- The last 3 accidents with 8 Lost working hours
- **Severity rate is Improved by 30%**

All injured employee during the period was able to fully recover and coming back to work without any problem.

#### 4) AML, Anticorruption & Compliance

Despite the complex situation triggered by the COVID pandemics and the restrictions that we have seen around the globe in 2020 and 2021, Metalor has continued to apply its strict compliance process across the board. Only exception due to the travel restrictions during the period has been related to site visits. We expect to catch up as soon as the situation improves.

Throughout the period, Metalor has reiterated its long standing policy regarding precious metals originated from Dubai and the UAE. The very clear position of the company in this respect is and has been NOT to accept directly or indirectly any precious metals refined, originated or sourced in the territories of the UAE. The reasons behind the policy of Metalor are supply chain and compliance concerns. Metalor has welcomed the fact that the initiative towards transparency pushed forward by Metalor and other Swiss refiners has been implemented by the Swiss customs authorities. In this regard and since January 1, 2021 the Swiss customs is publishing the country of origin and the type of precious metal material (mining, recycled) imported into Switzerland which is a good development in terms of transparency to the market.

## 5) External Certifications

Despite the COVID19 impact and the delays resulting from the restrictions to travel by the auditor's team, the company has managed to get all scheduled certifications in the first quarter of the year 2021.

**RJC.-** In terms of certification of Metalor practices and procedures, Metalor has successfully passed in the first quarter of 2021 the RJC re-certification (Chain of Custody) of its four refineries (Switzerland, USA, Hong Kong, Singapore and in China) ([www.responsiblejewellery.com](http://www.responsiblejewellery.com)).

**FINMA.-** In March 2021, Metalor has successfully passed the Anti-Money Laundering (AML) audit instructed on a yearly basis by the Swiss Supervisory Authority of the Financial Market (FINMA [www.finma.ch](http://www.finma.ch)). The audit has been clean in all respects, with neither suggestions nor comments, which does recognize the strength of Metalor processes and transactions as far as the risk of corruption and money laundering is concerned.

**LBMA.-** Also in March 2021, Metalor, as an active member of the London Bullion Market Association (LBMA) ([www.lbma.org.uk](http://www.lbma.org.uk)) was audited by an independent audit firm to get the LBMA re-certification of being compliant with the LBMA Responsible Gold & Silver Guidance.

**LPPM.-** Metalor, as an active member of the London Platinum and palladium market (LPPM) (was audited by an independent audit firm to get the LPPM re-certification of being compliant with to the LPPM Responsible Sourcing Guidance

The fact that Metalor has successfully passed all the above audits does confirm its commitment with best practices in the gold industry.

We hope that all the above elements will meet your expectations and will reflect the progress made by our company in this important matter for Metalor.

Yours Sincerely



Antoine de Montmollin  
CEO